

IRS News Release

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New Withholding Tables on IRS Web Site Reflect Tax Law's Changes

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WASHINGTON — The Internal Revenue Service today posted to its Web site at www.irs.gov new tables for employers to use in figuring how much federal income tax to withhold from workers' wages.

The tables posted today contain the percentage method formulas used by payroll programmers. By week's end, the wage bracket method tables should be on the site. The IRS expects to mail printed copies of Publication 15-T, containing all the tables, to employers nationwide by the third week of June.

The tables reflect changes made by the Jobs and Growth Tax Relief Reconciliation Act, which President Bush signed today. Employers are requested to use the new tables as soon as they can work them into their payroll systems. Barring unusual circumstances, they should implement them not later than July 1, 2003.

The tables incorporate tax rate changes for most taxpayers and the higher standard deduction for married couples.

The new law extended the 10 percent rate to cover the first \$7,000 of taxable income for single persons, \$14,000 for married couples. It also lowered the tax rates above 15 percent to 25, 28, 33 and 35 percent. This is a drop of two percentage points for each rate except the top one, which went down 3.6 points.

The new law also raised the standard deduction for married couples to \$9,500 and extended their 15 percent tax rate to \$56,800 of taxable income. Each figure is double the number for single taxpayers. The changes reduce the "marriage penalty" – the difference between the tax couples pay and the amount they would have paid as two single persons.

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